



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

January 29, 2002

Matt Miles
Bank One
185 South State Street
Salt Lake City, Utah 84111

Re: Authorization for Partial Release of Reclamation Surety, TDRA /
Mining, Inc., Red Emerald Mine, M/001/045, Beaver County, Utah Gemstone

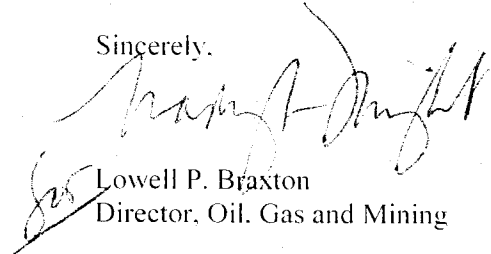
Dear Mr. Miles:

Bank One is presently holding a Time Deposit Receipt Account (TDRA) for the benefit of the State of Utah, Division of Oil, Gas and Mining as a form of reclamation surety for Gemstone Mining Inc.'s Red Emerald Mine. At the company's request and after site inspections to verify that reclamation work has been satisfactorily completed, this letter will authorize the release of sufficient principal and interest to reduce the face value of the TDRA to no less than \$25,300 dollars. The partial payment of the TDRA should be directed to Dominique Merz, Secretary of Gemstone Mining, Inc. Scott Wilkinson is no longer with Gemstone Mining, Inc., so please release the funds electronically as per Gemstone Mining, Inc. attached letter.

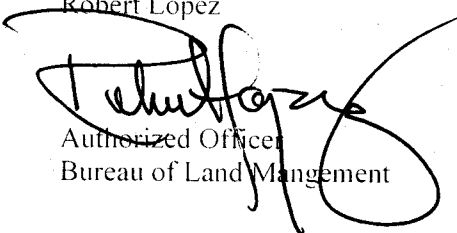
When this transaction has been accomplished, please furnish us with written confirmation that appropriate funds have been released and that the balance of retained funds will remain at no less than \$25,300.

If you have any questions or concerns, please contact Mary Ann Wright at (801) 538-5306, or Wayne Hedberg at (801) 538-5286. Again, thank you for your help in this matter.

Sincerely,


Lowell P. Braxton
Director, Oil, Gas and Mining

Robert Lopez


Authorized Officer
Bureau of Land Management

jb

Attachment: Jan 25, 2002 letter

cc: Scott Wilkinson, Gemstone Mining, Inc.

O:\-M01-45-partial-release.doc

0002

Gemstone Mining Inc.
P.O. Box 3413
Cedar City, UT 84721

January 25, 2002

Mr. Tom Munson
Senior Reclamation Specialist
Division of Oil, Gas and Minerals
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Release of Funds for Reclamation Work Done at Gemstone Mining Inc.'s Red Emerald Mine and Plant

Dear Mr. Munson:

Please accept these instructions on releasing the funds at your earliest convenience:

Wells Fargo
Trust Account Number 276 014 9928
Routing Number 124 0000 12
Kemp Burdick Hinton and Hall, LLC, St. George, Utah

If you have any questions, feel free to call me at 949-219 1511.

Sincerely,

Dominique Merz
Secretary of GMI Inc.

RECLAMATION SURETY ESTIMATE

Gemstone Mining, Inc.

last revision

01/23/02

Red Beryl Mine

filename M001-045

M/001/045

Beaver County

Prepared by Utah State Division of Oil, Gas & Mining

2 acres of reclamation costs assigned to removal of access road and office building & pad.
A portion of the original surety is held for revegetation success on 15.85 acres.

Note: actual unit costs may vary according to site conditions last unit cost update 2-Aug-00

-Amount of disturbed area which will receive reclamation treatments = 17.85 acres

-Estimated total disturbed area for this mine = 17.85 acres

Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc. (mtls & installation)	0	sum	200	0	(1)
Sidecast mtl replacement on steep roads- trackhoe	3212	LF	1.09	3501	(11)
Seedbed Preparation - ripping - dozer	15.85	acre	234	3709	
Composted manure (10 ton/acre)	17.85	acre	300	5355	(00)
Broadcast seeding	17.85	acre	225	4016	(00)
Equipment mobilization	2	equip	1000	2000	(00)
Reclamation Supervision	3	days	386	1158	(15)
		Subtotal		19739	
10% Contingency				1974	
		Subtotal		21713	
Escalate for 5 years at 3.12% per yr				3605	
		Total		25318	

Rounded surety amount in yr 2006-\$

25300

Average cost per disturbed acre = 1417

Note

- (1) DOGM lump sum assumed
- (11) Contractor's actual costs, 1991 at E/053/012 escalated to 2000-S. Cat 225 Excavator, 20 ft wide road
- (00) DOGM general estimate - mulching
- (00) DOGM general estimate - manure \$16/ton delivered, \$14 ton/acre spreading
- (00) DOGM general estimate - broadcast seeding
- (00) DOGM general estimate - equipment mobilization
- (15) Means 2000, 01300-700-0180, project manager, minimum \$1,930/wk

Reclamation estimate is for disturbance associated with map dated 1/23/02.